

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code	532393
<015> Study Area Name	PIONEER TEL COOP
<020> Program Year	2018
<030> Contact Name: Person USAC should contact with questions about this data	MICHAEL WHALEN
<035> Contact Telephone Number: Number of the person identified in data line <030>	5419298256 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	mikewhalen@pioneer.net
Form Type	54.313 and 54.422

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email address of person identified in data line <030>	mikewhalen@pioneer.net

<210> For the prior calendar year, were there any reportable voice service outages?

No

[illegible]

**(300) Unfulfilled Service Request
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010> Study Area Code	532393
<015> Study Area Name	PIONEER TEL. COOP
<020> Program Year	2018
<030> Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035> Contact Telephone Number - Number of person identified in data line <030>	5419238256 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net
<300> Unfulfilled service request (voice)	0
<310> Detail on attempts (voice)	Name of Attached Document
<320> Unfulfilled service request (broadband)	0
<330> Detail on attempts (broadband)	Name of Attached Document

(400) Number of Complaints per 1,000 customers
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 EXT.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.0
<450>	Complaints per 1000 customers for mobile broadband	

**(500) Compliance With Service Quality Standards and Consumer Protection Rules
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalenpioneer.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
532393OR510.pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

**(600) Functionality in Emergency Situations
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	532193
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikowhalen@pioneer.net
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	532393OR610.pdf

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL. COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHELEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email address of person identified in data line <030>	m.l.kewhalen@pioneer.net
<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	

[illegible]

[illegible]

532393

<015> Study Area Name

PIONEER TEL. COOP

Program Year	<020>
--------------	-------

2018

<030> Contact Name - Person USAC should contact regarding this data

MICHAEL WHATLEN

<035> Contact Telephone Number - Number of person identified in data line <030>

5419298256 ext.

<039> Contact Email Address - Email Address of person identified in data line <030>

mikewhalen@ploneer.net

Reporting Carrier

PIONEER TELEPHONE COOPERATIVE

<811> Holding Company

Pioneer Telephone Cooperative (OR)

<812> Operating Compa

PIONEER TELEPHONE COOPERATIVE

<813>

<a1&gt

<a2>

<a3>

Affiliates

SAC

Doing Business As Company or Brand Designation

-- See attached worksheet --

**(900) Tribal Lands Reporting
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

<900> Does the filing entity offer tribal land services? (Y/N) No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1000) Voice and Broadband Service Rate Comparability
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL. COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

<1000> Voice services rate comparability certification

Yes

<1010> Attach detailed description for voice services rate comparability compliance

532393OR1010.pdf

Name of Attached Document

<1020> Broadband comparability certification

Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance

532393OR1030.pdf

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL. COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mlkewh1en@pioneer.net

<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

**(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form**

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<01>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL. COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP <http://www.pioneer.net/financial-assistance-programs>

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒

<1222> Details on the number of minutes provided as part of the plan, ☒

<1223> Additional charges for toll calls, and rates for each such plan. ☒

(2005) Price Cap Carrier Additional Documentation**Data Collection Form***Including Rate-of-Retain Carriers affiliated with Price Cap Local Exchange Carriers*

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MITCHELL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	541328256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalenpioneer.net

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

<2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.	<input style="width: 100px; height: 20px;" type="text"/>
<2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.	<input style="width: 100px; height: 20px;" type="text"/>
<2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.	<input style="width: 100px; height: 20px;" type="text"/>
<2024A> Round 2 Recipient of Incremental Support?	<input style="width: 100px; height: 20px;" type="text"/>
<2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.	Name of Attached Document Listing Required Information <input style="width: 100px; height: 20px;" type="text"/>
<2025A> Round 2 Recipient of Incremental Support?	<input style="width: 100px; height: 20px;" type="text"/>
<2025B> Attach geocoded information for Phase I milestone reports (Round 2 for year three) - Connect America Fund, WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).	Name of Attached Document Listing Required Information <input style="width: 100px; height: 20px;" type="text"/>
<2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)	<input style="width: 100px; height: 20px;" type="text"/>

(2005) Price Cap Carrier Additional Documentation
Data Collection Form
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017C> Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing
 Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

(3005) Rate Of Return Carrier Additional Documentation
Data Collection FormFCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009) Progress Report on 5 Year Plan
Carrier certifies to 54.313(f)(1)(iii)

Yes - Attach Certification

(3010A) Certification of Public Interest Obligations (47 CFR § 54.313(f)(1)(i)) ☐ 532393OR3010 .pdf

(3010B) Please Provide Attachment Name of Attached Document Listing Required Information

(3012A) Community Anchor Institutions (47 CFR § 54.313(f)(1)(ii)) No - No New Community Anchors

(3012B) Please Provide Attachment Name of Attached Document Listing Required Information

(3013) Is your company a Privately Held ROR Carrier (47 CFR § 54.313(f)(2)) ☒ Yes ☐ No

(3014) If yes, does your company file the RUS annual report (Yes/No) ☐ Yes ☒ No

Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers) ☐

(3016) Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows ☐

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation Name of Attached Document Listing Required Information

(3018) If the response is no on line 3014, is your company audited? (Yes/No) ☒ Yes ☐ No

If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3019) Either a copy of their audited financial statement; or ☒ 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows ☒

(3021) Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit. ☒

If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers ☐

(3023) Underlying information subjected to a review by an independent certified public accountant ☐

(3024) Underlying information subjected to an officer certification. ☐

(3025) Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows ☐

(3026) Attach the worksheet listing required information Name of Attached Document Listing Required Information

532393OR3026 .pdf

(3005) Rate Of Return Carrier Additional Documentation (Continued)
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	53393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHELEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email address of person identified in data line <030>	michael.whele@pioneer.net

Financial Data Summary	
(3027) Revenue	13066907
(3028) Operating Expenses	12859112
(3029) Net Income	518276
(3030) Telephone Plant In Service(TPIS)	69907430
(3031) Total Assets	29501139
(3032) Total Debt	0
(3033) Total Equity	28609539
(3034) Dividends	1188

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information _____

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information _____

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information _____

**Certification - Reporting Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	532393
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	PIONEER TEL COOP
Signature of Authorized Officer:	CERTIFIED ONLINE Date 06/15/2017
Printed name of Authorized Officer:	MICHAEL WHALEN
Title or position of Authorized Officer:	EXECUTIVE VP
Telephone number of Authorized Officer:	5419298256 ext.
Study Area Code of Reporting Carrier:	532393 Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**Certification - Agent / Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010> Study Area Code	532393
<015> Study Area Name	PIONEER TEL COOP
<020> Program Year	2018
<030> Contact Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035> Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039> Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent Firm: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Name of Authorized Agent Employee: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

PIONEER TELEPHONE COOPERATIVE

2017 FCC Form 481

(510) Service Quality Standards & Consumer Protection Rules Compliance

47 CFR § 54.313(a)(5) – Pioneer Telephone Cooperative complies with applicable service quality standards as stated in Oregon Administrative Rules 860-034-0390, Retail Telecommunications Service Standards for Small Telecommunications Utilities and consumer protection rules as defined in 47 CFR Part 64 Subpart U, Customer Proprietary Network Information and the Federal Trade Commission Red Flag rules to prevent identity theft.

BROADBAND

Pioneer Telephone Cooperative follows the service standards noted in NECA Tariff #5 and is committed to provide the highest quality service to its broadband customers.

PIONEER TELEPHONE COOPERATIVE

2017 FCC Form 481

(600) Functionality in Emergency Situations

Back-up Power

Pioneer Telephone Cooperative has the following back-up power capabilities:

Switches (stand alone and/or host), Remote Central Offices, Subscriber Carrier, DLC:

See next page for the list of back-up power capabilities

Network Interface Devices (NIDs)

Pioneer Telephone Cooperative has 9,678 access lines with metallic (copper) connections to the Central Office and their NIDs are powered from the Central Office.

Pioneer Telephone Cooperative has 298 access lines with non-metallic (fiber optic) connections to the Central Office. Of these, 124 NIDs are battery powered in case of emergency, with batteries rated at 8 hours based on Telcordia GR-909 specifications, and 174 NIDs are powered from the Central Office with SureReach technology by Generonix®.

Ability to reroute traffic around damaged facilities:

Pioneer Telephone Cooperative has built redundant facilities between its exchanges and its connecting company. This redundant facility is in the form of a SONET ring with alternate physical facilities between **Pioneer Telephone Cooperative** and **CenturyLink**, its interconnection to the Public Switched Telephone Network.

Capability to manage traffic spikes resulting from emergency situations

Pioneer Telephone Cooperative has 8,508 customers, switching capacity of 10,262 simultaneous calls, and transport capacity for 1,080 simultaneous calls. **Pioneer Telephone Cooperative** takes no responsibility for the capabilities of interconnected networks to manage traffic spikes resulting from emergency situations, but will continue its best efforts for its networks during such events.

Pioneer Telephone Cooperative
Back-up Power

Philomath

	200	Diesel	520	52 HR.	4180	18 HR.
Alsea	30	Diesel	550	183 HR.	1000	24 HR.
Bellfountain	25	Diesel	30	30 HR.	2090	36 HR.
Blodgett	25	Diesel	30	30 HR.	930	24 HR.
Chitwood	25	Diesel	30	30 HR.	1000	36 HR.
Deadwood	15	Diesel	220	183 HR.	400	24 HR.
South Beach	80	Diesel	250	48 HR.	2090	33 HR.
Waldport	75	Diesel	280	60 HR.	2090	20 HR.
Yachats	30	Diesel	250	104 HR.	2090	36 HR.
Harlan	15	Diesel	132	121 HR.	500	24 HR.
Lobster Valley	15	Diesel	132	121 HR.	775	29 HR.
Horton	25	DIESEL	30	30 HR.	310	80 HR.
Tidewater	13	PROPANE	120	85 HR.	465	30 HR.
Triangle Lake	30	DIESEL	550	229 HR.	465	72 HR.
Alder Creek	Line Powered From Buck Creek 55 HR. (+ Generator)					
Alexander Road					155	77 HR.
Arnold Creek	Line Powered From Tidewater 30 HR. (+ Generator)					
Barclay Creek	Line Powered From Tidewater 30 HR. (+ Generator)					
Bayshore					620	24.75 HR.
Bayview					290	27 HR.
Bayview Loop	Line Powered From Bayview 27 HR.					
Beamer Creek					155	72 HR.
Beaver Valley					290	48 HR.
Benner Creek	Line Powered From Five Rivers 41 HR. (+ Generator)					
Bennett Lane					125	48 HR.
Big Elk Creek					155	62 HR.
Blachly					170	18.60 HR.
Blodgett Road	Line Powered From Blodgett 24 HR. (+ Generator)					
Botkin Road	Line Powered From Decker Road 13.75 HR.					
Bruce Road	Line Powered From Bellfountain 36 HR. (+ Generator)					
Brush Creek					225	196 HR.
Bryant	Line Powered From Hutchcroft 82.5 HR.					
Buck Creek					290	55 HR.
Bummer Creek					300	68.5 HR.
Bunker Hill					125	48 HR.
Campbell Park					155	77.5 HR.
Cattle Drive	Line Powered From Philomath 18 HR. (+ Generator)					
Cecil Lane	Line Powered From Tobacco Road 72 HR.					
Cedar Creek					245	115 HR.
Clem Road	Line Powered From Bennet Lane 48 HR.					
Cline Hill	Line Powered From Oglesby Creek 51 HR.					
Crestline Shop	Line Powered From Waldport 20 HR. (+ Generator)					
Crooked Creek					290	38.6 HR.
Darkey Creek					290	29 HR.
Decker Ridge					145	60 HR.
Decker Road					155	13.75 HR.
Eckman					465	25 HR.
Eddyville					100	13.25 HR.
Elk City					155	72.75 HR.
Elk Mountain Rd.					145	46.4 HR.
Ervin Road					290	15.3 HR.
Evergreen Rd					125	70 HR.
Fall Creek	Line Powered From Yates Road 24 HR.					
Five Rivers					155	41.3 HR.
Fort Hoskins	Line Powered From Kings valley 66.00 HR.					
Foster Road					255	14 HR.
Fox Creek	Line Powered From Seal Rock 29 HR.					
Grand Oaks					600	43.0 HR.
Grange Hall	Line Powered From Philomath 18 HR. (+ Generator)					
Green Mountain	Line Powered From Summit 82.5 HR.					
Green Peak	Line Powered From Foster Road 14 HR.					
Harris Road					290	32 HR.
Hayden Road	Line Powered From Alsea 24 HR. (+ Generator)					

Pioneer Telephone Cooperative
Back-up Power

Haynes Road	Line Powered From Alsea 24 HR. (+ Generator)		
Henderson Rd		290	33.6 HR.
Hidden Valley		290	38.5 HR.
Honeygrove		125	100 HR.
Hoskins Road	Line Powered From Summit 82.5 HR.		
Hutchcroft Road		155	82.5 HR.
Idaho St.		435	31 HR.
Jacobson Road	Line Powered From Blodgett 16.5 HR. (+ Generator)		
Johnson Creek		155	112 HR.
Jones Road	Line Powered From Sams Creek 100 HR.		
Keller Creek		155	48 HR.
Kings Valley		620	66.00 HR.
LaBarre Road	Line Powered From Harris Road 32 HR.		
Legion Road		435	28 HR.
Lilly Hill	Line Powered From Blodgett 24 HR. (+ Generator)		
Little Lobster Creek	Line Powered From Slide Creek 41.3 HR.		
Llewellyn Road	Line Powered From Ervin Road 15.3 HR.		
Logsdon Road	Line Powered From Summit 82.5 HR.		
Lost Creek		465	47.5 HR.
Makai		310	31 HR.
Marvel Road	Line Powered From Summit 82.5 HR.		
Mary's Peak		290	225 HR.
Marys River Est		290	18.5 HR.
McFarland	Line Powered From Bellfountain 36 HR. (+ Generator)		
McGarry		310	31 HR.
McKinley Marina	Line Powered From Waldport 20 HR. (+ Generator)		
Misty Acres Rd.	Line Powered From Slide Creek 41.3 HR.		
Nashville		100	80 HR.
Neabeack Hill		375	27.25 HR.
Nelson Creek		155	47.5 HR.
Neuman Road	Line Powered From Henderson Road 33.6 HR.		
North Beaver		145	64 HR.
Norton Creek	Line Powered From Blodgett 24 HR. (+ Generator)		
Oglesby Creek		125	51 HR.
Old Peak	Line Powered From Philomath 18 HR. (+ Generator)		
Oliver Creek		155	77.50 HR.
Oregon House	Line Powered From Ten Mile 40 HR. (+ Generator)		
Park Road	Line Powered From Bellfountain 36 HR. (+ Generator)		
Pioneer Village	Line Powered From Decker Road 13.75 HR.		
Pit Road		125	76.75 HR.
Powder House	Line Powered From Philomath 18 HR. (+ Generator)		
Preacher Creek		145	100
Priest Road	Line Powered From Harris Road 32 HR.		
Rock Creek		155	77.50 HR.
Salmonberry	Line Powered From Campbell Park 77.5 HR.		
Sam's Creek		80	100 HR.
Scott Creek	Line Powered from Thissell Creek 41 HR.		
Sea Lion Caves		300	50 HR.
Seal Rock		600	21 HR.
Shingle Creek		300	140 HR.
Shotpouch		155	112 HR.
Skunk Creek	Line Powered From Yates Road 24 HR.		
Slide Creek		155	41.3 HR.
Solado	Line Powered From Big Elk 62 HR.		
South Bay Rd		145	100 HR.
South Beaver		290	40 HR.
South Fork	Line Powered From Alsea 24 HR. (+ Generator)		
South Harris		145	105 HR.
Star Creek		290	17.5HR.
Stoney Mountain	Line Powered From Five Rivers 41.3 HR.		
Summit		620	82.50 HR.
Swamp Creek Rd.		155	77.5 HR.
Tatum Lane	Line Powered From Kings Valley 66.00 HR.		

Pioneer Telephone Cooperative
Back-up Power

Ten Mile	500	40 HR.
Thiel Creek	435	29 HR.
Thissell	155	41 HR.
Timber Supply	Line Powered From Woods Creek 35 HR.	
Tobacco Road	270	72 HR.
Trap Creek	Line Powered From Chitwood 36 HR. (+ Generator)	
Urdike	Line Powered From Elk City 72.5 HR.	
Vernon Road	Line Powered From Alsea 24 HR. (+ Generator)	
Waconda Beach	600	39 HR.
Ward Road	145	77.25 HR.
Washburne S.P.	300	55 HR.
West Elk	145	78 HR.
West Fork	155	80 HR.
West Harris	Line Powered From Harris Road 32 HR.	
West Hills	290	20.1 HR.
Westwood Village	375	27 HR.
Wildwood	270	54 HR.
Williams Road	Line Powered From Foster Road 14 HR.	
Winnie Road	Line Powered From Campbell Park 77.5 HR.	
Wolfe Creek	290	200 HR.
Woods Creek	290	35 HR.
Yachats River Rd	290	50 HR.
Yates	120	24 HR.

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

1/1/2017

[illegible]

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	53293
<015>	Study Area Name	PIONEER TEL COOP
<020>	Program Year	2018
<030>	Name - Person USAC should contact regarding this data	MICHAEL WHALEN
<035>	Contact Telephone Number - Number of person identified in data line <030>	5419298256 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	mikewhalen@pioneer.net

[illegible]

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

[illegible]

Pioneer Telephone Cooperative

Voice Services Rate Comparability

As evidenced by the data provided in line 700 of this Form 481, Pioneer Telephone Cooperative's voice service pricing is no more than two standard deviations above the national average urban rate (\$49.51) as announced by the Wireline Competition Bureau on February 14, 2017 (DA 17-167)

Pioneer Telephone Cooperative

Broadband Services Rate Comparability

Pioneer Telephone Cooperative's Broadband Services pricing meets the FCC's broadband public interest obligations because it offers broadband service as shown on Line 710 of its Form 481 filing, at actual speeds of at least 10 Mbps downstream / 1 Mbps upstream at no more than the applicable benchmark for broadband services announced by the Bureau on February 14, 2017 (DA17-167).



PIONEER

Broadband and Voice Applications

PHILOMATH

T: 541.929.3135

F: 541.929.1221

1304 Main St

Philomath, OR 97370

WALDPORT

T: 541.563.3135

F: 541.563.1211

575 W. Willow St

Waldport, OR 97394

June 15, 2017

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
9300 East Hampton Drive
Capitol Heights, MD 20743

Re: WC Docket No. 14-58, 2015 Annual Report, Form 481 for High-Cost Recipient
54.313(f)(1) "Public Interest Obligation"

Dear Ms. Dortch:

In compliance with the filing requirements associated with, and attached to Form 481, we wish to advise the Commission that Pioneer Telephone Cooperative provides High Speed Internet service to its customers and:

- Has taken reasonable steps to provide upon reasonable request broadband service at actual speeds of 10 Mbps downstream / 1 Mbps upstream;
- Provides latency suitable for real-time applications including VoIP and usage capacity which is reasonably comparable to those in urban areas and;
- That reasonable requests for service are met within a reasonable timeframe.

If there are questions, I may be contacted at 541-929-8256

Sincerely,

Michael Whalen, CPA
Executive Vice President



Pioneer Telephone Cooperative and Subsidiary

Consolidated Financial Statements
with Supplemental Information

Years Ended December 31, 2016 and 2015



PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY
Consolidated Financial Statements with Supplemental Information
Years Ended December 31, 2016 and 2015

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Financial Statements:	
Consolidated Balance Sheets	2
Consolidated Statements of Operations	3
Consolidated Statements of Changes in Members' Equity	4
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	6
Supplemental Information:	
Consolidating Balance Sheets	14
Consolidating Statements of Operations	16
Consolidating Statements of Cash Flows	17
Patronage Capital - Pioneer Telephone Cooperative	18
Schedule of Changes in Property, Plant, and Equipment in Service - Pioneer Telephone Cooperative	19



Aldrich CPAs + Advisors LLP
680 Hawthorne Avenue SE, #140
Salem, Oregon 97301

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Pioneer Telephone Cooperative and Subsidiary
Philomath, Oregon

We have audited the accompanying consolidated financial statements of Pioneer Telephone Cooperative and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2016 and 2015, and the related consolidated statements of operations, changes in members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Pioneer Telephone Cooperative and Subsidiary, as of December 31, 2016 and 2015, and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information, as detailed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Aldrich CPAs + Advisors LLP

Salem, Oregon
March 27, 2017

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY**Consolidated Balance Sheets**

December 31, 2016 and 2015

ASSETS	2016	2015
Current Assets:		
Cash and cash equivalents	\$ 12,448,063	\$ 10,027,352
Accounts receivable, less allowance for doubtful accounts of \$10,000	21,307	32,478
Current portion of note receivable	9,373	-
Other receivables	899,170	965,724
Materials and supplies	362,255	359,969
Prepaid expenses	214,670	236,942
Total Current Assets	<u>13,954,838</u>	<u>11,622,465</u>
Other Assets and Investments:		
Note receivable	40,627	-
Other Investments	<u>3,442,327</u>	<u>3,461,257</u>
Total Other Assets and Investments	<u>3,482,954</u>	<u>3,461,257</u>
Property, Plant, and Equipment:		
In service	70,562,774	70,227,593
Under construction	<u>272,188</u>	<u>404,958</u>
	70,834,962	70,632,551
Less accumulated depreciation	<u>58,299,885</u>	<u>56,166,309</u>
Property, Plant, and Equipment, net	<u>12,535,077</u>	<u>14,466,242</u>
	<u>\$ 29,972,869</u>	<u>\$ 29,549,964</u>
LIABILITIES AND MEMBERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 465,514	\$ 525,936
Accrued expenses	<u>481,215</u>	<u>627,977</u>
Total Current Liabilities	<u>946,729</u>	<u>1,153,913</u>
Deferred Income Taxes	<u>416,601</u>	<u>303,440</u>
Members' Equity:		
Memberships	8,592	8,752
Patronage capital	23,312,569	23,125,844
Other equity	<u>5,288,378</u>	<u>4,958,015</u>
Total Members' Equity	<u>28,609,539</u>	<u>28,092,611</u>
	<u>\$ 29,972,869</u>	<u>\$ 29,549,964</u>

See accompanying notes to consolidated financial statements.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY**Consolidated Statements of Operations**

Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues:		
Local network	\$ 2,883,876	\$ 2,979,048
Network access	9,660,649	9,053,285
Miscellaneous	1,176,407	1,166,022
Total Operating Revenues	13,720,932	13,198,355
Operating Expenses:		
Plant specific	2,832,550	2,672,137
Plant nonspecific	1,972,317	2,053,247
Customer	2,054,436	2,085,022
Corporate	1,973,738	1,945,648
Depreciation	3,803,133	3,546,344
Other taxes	265,827	352,514
Other operating expenses	343,299	366,813
Total Operating Expenses	13,245,300	13,021,725
Operating Margin	475,632	176,630
Other Income (Expense):		
Interest and other income, net	87,254	80,577
Income tax expense	(194,317)	(145,404)
Nonregulated loss, net	(91,617)	(59,050)
Income from other investments	241,324	196,288
Total Other Income, net	42,644	72,411
Net Margin	\$ 518,276	\$ 249,041

See accompanying notes to consolidated financial statements.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Consolidated Statements of Changes in Members' Equity

Years Ended December 31, 2016 and 2015

	<u>Memberships</u>	<u>Patronage Capital</u>	<u>Other Equity</u>	<u>Total</u>
Balance, December 31, 2014	\$ 8,995	\$ 23,126,096	\$ 4,707,756	\$ 27,842,847
Change in memberships	(243)	-	-	(243)
Estate payments	-	(6,883)	-	(6,883)
Excise tax refund	-	7,819	30	7,849
Other adjustments	-	(1,188)	1,188	-
Net margin	<u>-</u>	<u>-</u>	<u>249,041</u>	<u>249,041</u>
Balance, December 31, 2015	8,752	23,125,844	4,958,015	28,092,611
Change in memberships	(160)	-	-	(160)
Estate payments	-	(1,188)	-	(1,188)
Other adjustments	-	1,188	(1,188)	-
Net margin	<u>-</u>	<u>186,725</u>	<u>331,551</u>	<u>518,276</u>
Balance, December 31, 2016	<u>\$ 8,592</u>	<u>\$ 23,312,569</u>	<u>\$ 5,288,378</u>	<u>\$ 28,609,539</u>

See accompanying notes to consolidated financial statements.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Consolidated Statements of Cash Flows

Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities:		
Net margin	\$ 518,276	\$ 249,041
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation	3,803,133	3,546,344
Income from investments	(241,324)	(193,288)
Change in deferred taxes	113,161	65,513
Changes in operating assets and liabilities:		
Accounts receivable	11,171	34,304
Other receivables	66,554	(116,431)
Materials and supplies	(2,286)	(18,165)
Prepaid expenses	22,272	10,655
Accounts payable	156,447	17,388
Accrued expenses	(146,762)	266,634
Net Cash Provided by Operating Activities	<u>4,300,642</u>	<u>3,861,995</u>
Cash Flows from Investing Activities:		
Issuance of note receivable	(50,000)	-
Purchase of property, plant, and equipment, net	(2,134,455)	(2,368,892)
Proceeds on sale of property, plant, and equipment	45,618	43,935
Purchase of other investments	-	(5,000)
Proceeds from other investments	260,254	180,049
Net Cash Used by Investing Activities	<u>(1,878,583)</u>	<u>(2,149,908)</u>
Cash Flows from Financing Activities:		
Net change in memberships	(160)	(243)
Excise tax refunds received	-	7,849
Estate payments	(1,188)	(6,883)
Net Cash Provided (Used) by Financing Activities	<u>(1,348)</u>	<u>723</u>
Net Increase in Cash and Cash Equivalents	2,420,711	1,712,810
Cash and Cash Equivalents, beginning	<u>10,027,352</u>	<u>8,314,542</u>
Cash and Cash Equivalents, ending	\$ <u>12,448,063</u>	\$ <u>10,027,352</u>
Non-Cash Property, Plant, and Equipment Additions	\$ <u>216,869</u>	\$ <u>238,988</u>

See accompanying notes to consolidated financial statements.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Pioneer Telephone Cooperative (the Cooperative) is an Oregon cooperative corporation providing telecommunications and internet services from within and around the City of Philomath, Oregon to the City of Waldport, Oregon. The Cooperative invests in other telecommunication-related ventures through its wholly-owned subsidiary, Pioneer Consolidated, Inc.

Basis of Consolidation

The consolidated financial statements include the accounts of Pioneer Telephone Cooperative and its wholly-owned subsidiary, Pioneer Consolidated, Inc. (the Subsidiary). All intercompany transactions and balances have been eliminated in the consolidation.

Estimates

The Cooperative uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Regulation

The Cooperative is subject to limited regulation by the Public Utility Commission of Oregon (PUC) and the Federal Communications Commission (FCC). The Cooperative maintains its accounting records in accordance with the Uniform System of Accounts, as prescribed by the FCC and adopted by the PUC. As a result, the application of accounting principles generally accepted in the United States of America by the Cooperative differs in certain respects from the application by nonregulated businesses. Such differences primarily concern the time at which certain items enter into the determination of net margin.

Regulatory and legislative actions, as well as future regulations, could have a significant impact on the Cooperative's future operations and financial condition. See Note 1, National Broadband Plan and FCC Order.

Cash and Cash Equivalents

The Cooperative considers cash investments with an original maturity of 3 months or less to be cash equivalents. The Cooperative maintains its cash and cash equivalents in bank deposit accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000 per depositor per bank. As of December 31, 2016 and 2015, the Cooperative did not have cash in any one bank that exceeded the FDIC limit due to the Cooperative having funds swept nightly into repurchase agreements which are fully collateralized.

The Cooperative has not experienced any losses in its bank accounts and believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

The Cooperative generally does not require collateral or other security to support accounts receivable. An allowance for doubtful accounts is maintained, based upon management's review of the year-end accounts receivable aging and past credit and collection history. Receivables are written off when the Cooperative determines an account is uncollectible. Past due status is determined based on how recently payments have been received.

Investments

Investments in which the Cooperative holds a 20%-50% interest are accounted for on the equity method. Investments accounted for on the equity method are recorded at cost and adjusted for the Cooperative's share of income or loss. Investments in which the Cooperative holds less than a 20% interest are recorded at cost, and income is recorded when dividends are received.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Materials and Supplies

Materials and supplies are stated at the lower of cost or market. Cost is determined principally by the average cost method.

Fair Value of Financial Instruments

The Cooperative's financial instruments, none of which are held for trading purposes, include cash and cash equivalents, receivables, and payables. The Cooperative estimates that the fair value of all of these non-derivative financial instruments at December 31, 2016 and 2015 does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying consolidated balance sheets.

Property, Plant, and Equipment

Telecommunications plant in service and under construction is stated at cost, including estimated overhead expense. Depreciation is calculated on a straight-line basis over the estimated life of the classes of property and equipment in accordance with rates consistent with industry standards. Depreciation rates range from 2.2% to 14.3%. Costs of plant retired are eliminated from telecommunications plant accounts and such costs plus removal expenses, less salvage, are charged to accumulated depreciation.

Nonregulated property and equipment in service and under construction are stated at cost. Depreciation is calculated on a straight-line basis over the estimated life of the classes of property and equipment. Asset lives range from 5 to 10 years. Maintenance, repairs, and replacements are charged to expenses as incurred. When property and equipment is sold or otherwise disposed of, the asset account and the related accumulated depreciation accounts are relieved and any gain or loss is included in operations.

Memberships

An initial refundable membership fee of \$1 is charged to all new member subscribers, which entitles the member to vote at the annual meeting.

Patronage Allocations

The net margin of the Cooperative, less Subsidiary net margin, is allocated to its members in proportion to each member's access minutes of use and charges for eligible services. Losses sustained by the Cooperative may be allocated to the accounts of individual patrons or offset to other equity at the discretion of the Board of Directors.

Other Equity

Other equity represents the accumulated earnings of Pioneer Consolidated, Inc. and any unallocated equities and unallocated losses.

Network Access Revenues

Network access revenue is received under a system of access charges. Access charges represent a methodology by which local telephone companies, including the Cooperative, charge the long-distance carrier for access and interconnection to local facilities. The Cooperative has elected to file access tariffs through the National Exchange Carriers Association (NECA) and directly through the PUC for these charges. These access tariffs are subject to approval by the FCC for interstate charges and the PUC for intrastate charges.

When network access revenues have been received pursuant to the settlement and access agreements above, they are then either placed into a common pooling arrangement with other exchange carriers (NECA only) for redistribution or kept by the Cooperative. The redistributions are made according to formulas established by the governing boards of the pools and are generally based upon expenses incurred and investments maintained.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Network Access Revenues, continued

Settlement, access, and pool distribution revenues are recorded when the amounts become determinable. Related expenses are recorded when incurred. Subsequent true-ups and retroactive adjustments, which are generally allowed for a period of 24 months after the close of the related calendar year, are recorded in the year in which such adjustments become determinable, based upon studies prepared by outside consultants.

In addition to recoveries from the pools, the Cooperative also receives revenues from the Universal Service High Cost Loop Fund (HCL) and other support mechanisms administered by the Universal Service Administrative Company (USAC). These universal service support revenues are intended to compensate the Cooperative for the high cost of providing service in rural areas. The amount of support received from HCL is based on the number of customers served and the cost of providing service in that area being in excess of the national average cost per loop, as determined by the FCC. See National Broadband Plan and FCC Order below for further information related to reforms to these support mechanisms. These support revenues are included in the network access revenues in the accompanying consolidated financial statements. In 2016, the Cooperative received \$6,763,718 (\$7,132,571 in 2015) in interstate access revenues administered through the NECA Pools, and \$1,123,011 support from the USAC High Cost Loop Fund (none in 2015).

The Cooperative also receives funding from state universal service funds. In 2016, the Cooperative received \$1,627,402 from the Oregon Universal Service Fund (OUSF) (\$1,727,423 in 2015). Funding levels for the OUSF were determined in accordance with PUC Order 13-162. In March 2016, the PUC issued order 16-093 related to OUSF. The order is for a 5 year term beginning January 1, 2017 and calls for annual reductions to the OUSF that will result in an overall reduction of not less than 15.2% over the 5 year term for rural companies. In addition, rural companies will be subject to a re-allocation process over the term of the order but no company can have its support reduced by more than 20% over this period as a result of this process. The full impact of the order cannot be determined at this time.

National Broadband Plan and FCC Order

In 2010, the FCC issued the National Broadband Plan which outlined a long-term plan to increase broadband penetration rates and services throughout the United States of America.

In 2011, as an initial response to the plan, the FCC approved Report and Order 11-161 (the Order), that began the process of reforming the universal service and Intercarrier Compensation (ICC) systems and adopts support for broadband-capable networks as an express universal service principle. The Order further created the Connect America Fund (CAF) which will ultimately replace all existing high-cost support mechanisms and help facilitate ICC reform.

The key provisions of the Order included capping the Federal Universal Service Fund (USF), placing limitations on capital and operating expenditures (subsequently eliminated in 2014 by an Order for Reconsideration issued by the FCC), establishing local rate benchmarks, capping monthly USF at \$250 per line, a 5% annual reduction of the frozen 2011 interstate switched access revenue requirement replaced by the CAF to recover costs of switching services, a 9 year transition from the previous ICC system to bill and keep, and adoption of the Access Recovery Charge (ARC) to mitigate impacts of reduced ICC revenues. Implementation began July 1, 2012.

In 2016, the FCC issued Order 16-33, which provided the option for a voluntary election by rate-of-return carriers to receive model-based support under the Alternative Connect America Cost Model (A-CAM). Instead of receiving support based on the carrier's cost, the model predetermines the amount of support to be received for a 10 year term. On November 1, 2016, the Cooperative elected to participate in A-CAM and accepted the revised offer from the FCC on January 17, 2017.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

Note 1 - Organization and Summary of Significant Accounting Policies, continued

National Broadband Plan and FCC Order, continued

Companies receiving A-CAM support must withdraw from the NECA Common Line pool. Additionally, over the 10 year term, A-CAM provides for the following:

- Carriers will have broadband deployment and performance obligations, starting with 40% deployment of 10/1 mbps broadband by year 4 and 100% deployment by the end of the 10 year model period.
- Carriers will be required to deploy 25/3 mbps broadband to a range of 25% to 75% of funded locations, depending on the density of the service area.
- For areas with average costs over a funding cap calculated by the model, carriers will be required to offer 4/1 mbps to 50% of all such locations over the 10 year term, and for unserved areas carriers will be subject to the reasonable request standard.
- In year 8 of the model, the FCC will conduct a rulemaking to determine how support will be administered after the conclusion of the 10 year model period.

The Cooperative continues to monitor various effects and requirements of the Orders noted above. As of December 31, 2016, the Cooperative meets the local rate benchmark requirements of the Order and is not subject to the \$250 per line support cap. Furthermore, for the period ended December 31, 2016, the impact to the Cooperative related to the 5% annual decline in switched access revenues and the .25% reduction of the prescribed rate of return have not been significant.

The overall reform process will continue to take place in phases and will take several more years to implement. Furthermore, it is anticipated that the FCC will continue to issue Further Notices of Proposed Rulemaking and/or Orders for Reconsideration and continue to seek comments on various items. As a result, the ultimate outcome of these proceedings and their impact remains uncertain at this time.

Income Taxes

The Cooperative has been granted an exemption from federal income taxes, except for "unrelated" business income, under Section 501(c)(12) of the Internal Revenue Code.

The Cooperative is also exempt from state income taxes. However, in any year for which greater than 15% of gross revenue is derived from nonmember services, the Cooperative becomes a taxable cooperative. The Cooperative was exempt from income taxes in 2016 and 2015. Federal and state taxes payable by taxable cooperatives are computed differently from taxes payable by other corporations, primarily because cooperatives are allowed to deduct margins allocated or paid to patrons within 8 1/2 months after the end of each taxable year. Pioneer Consolidated, Inc. is a taxable corporation and files a separate income tax return.

Deferred taxes represent the future tax return consequence of differences between the consolidated financial statement and the tax basis of assets and liabilities, which will either be taxable or deductible when the related assets or liabilities are recorded or settled. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period, plus or minus the change in deferred tax assets and liabilities during the period.

The Cooperative follows accounting standards generally accepted in the United States of America related to the recognition of uncertain tax positions. The Cooperative recognizes accrued interest and penalties associated with uncertain tax positions as part of the income tax provision, when applicable. There were no amounts accrued in the consolidated financial statements related to uncertain tax positions.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

Note 1 - Organization and Summary of Significant Accounting Policies, continued

Revenue Recognition

The Cooperative recognizes revenues when earned, regardless of the period in which they are billed.

Monthly service fees derived from local telephone service and internet service are billed in advance. Accounts receivable are reduced by advanced billings and subsequently transferred to income in the period earned. Access charges (see Note 1, Network Access Revenue), long distance and other revenues based on usage are billed in arrears.

Subsequent Events

The Cooperative has evaluated subsequent events through March 27, 2017, which is the date the consolidated financial statements were available to be issued.

Note 2 - Notes Receivable

During 2016, the Cooperative issued a 3.2% note receivable in the amount of \$50,000, receivable in minimum quarterly installments of \$2,715, including interest beginning in 2017, due in November 2021.

	<u>2016</u>	<u>2015</u>
Total note receivable	\$ 50,000	\$ -
Less current portion	<u>9,373</u>	<u>-</u>
Note receivable, net of current portion	\$ <u>40,627</u>	\$ <u>-</u>

Note 3 - Other Investments

Other investments, at cost, consist of the following:

	<u>2016</u>	<u>2015</u>
Communications Supply Service Association	\$ -	\$ 25,000
National Telcom Corporation	50,000	50,000
CoBank patronage certificates	576,469	736,646
ANPI Holding, Inc.	123,355	198,432
CHR Solutions, Inc.	145,401	145,401
RTIC Holding Company, Inc.	<u>228,000</u>	<u>228,000</u>
Total, at cost	1,123,225	1,383,479
Other investments, equity method:		
Casco Communications, Inc.	2,024,270	1,778,113
Wilcom LLC	<u>294,832</u>	<u>299,665</u>
Equity Investments	<u>2,319,102</u>	<u>2,077,778</u>
Total Other Investments	\$ <u>3,442,327</u>	\$ <u>3,461,257</u>

CoBank is a cooperative bank. Borrowers are required to invest a minimum of \$1,000 or 2% of their loan, whichever is less. Patronage dividends are paid annually in cash and in stock at the discretion of the board of directors of CoBank.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

Note 3 - Other Investments, continued

During 2016, the controlling interest of ANPI Holdings, Inc. was sold and they began the process of redeeming the preferred stock. As of December 31, 2016, 75% of the preferred stock had been redeemed and the Subsidiary received proceeds of \$75,077 from their investment in preferred stock. The remaining preferred stock in ANPI Holdings, Inc. is expected to be redeemed during 2017.

The Subsidiary has 228 shares of class B common stock of RTIC Holding Company, Inc., an affiliate of Telcom Insurance Group, which provides a 3% guaranteed dividend for ten years and a 5% reduction in insurance costs to the Cooperative.

During the year ended December 31, 2016, the Cooperative recorded an investment loss of \$4,833 from Wilcom LLC, (loss of \$4,825 and contributions of \$5,000 recorded in 2015).

The Subsidiary has a 50% ownership interest in Casco Communications, Inc. (Casco), a corporation providing internet access and other services. The investment is recorded using the equity method of accounting. Based on audited financial statements, the Subsidiary recorded income of \$246,157 related to this investment in 2016 (\$198,113 in 2015).

Following is a summary of financial position and results of operations of Casco Communications, Inc.:

	<u>2016</u>	<u>2015</u>
Current assets	\$ 2,030,333	\$ 1,359,856
Net property and equipment	1,968,639	2,010,266
Other assets and investments	<u>1,747,477</u>	<u>1,608,387</u>
	<u>\$ 5,746,449</u>	<u>\$ 4,978,509</u>
Current liabilities	\$ 482,392	\$ 485,982
Other liabilities	540,591	343,928
Noncontrolling interest	619,282	536,729
Stockholders' equity	<u>4,104,184</u>	<u>3,611,870</u>
	<u>\$ 5,746,449</u>	<u>\$ 4,978,509</u>
Operating revenue	\$ <u>7,350,754</u>	\$ <u>6,930,868</u>
Net income after taxes and noncontrolling interest	\$ <u>492,314</u>	\$ <u>396,225</u>

Note 4 - Property, Plant, and Equipment

Listed below are the major classes of telecommunications plant in service at December 31:

	<u>2016</u>	<u>2015</u>
<u>Pioneer Telephone Cooperative:</u>		
Land and support	\$ 6,977,555	\$ 7,391,879
Central office	9,536,127	9,849,306
Cable and wire facilities	<u>53,393,748</u>	<u>52,406,808</u>
Subtotal	69,907,430	69,647,993
<u>Pioneer Consolidated, Inc.:</u>		
Fiber optic cable and equipment	<u>655,344</u>	<u>579,600</u>
	<u>\$ 70,562,774</u>	<u>\$ 70,227,593</u>

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

Note 5 - Income Taxes

Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due and deferred income taxes.

Income tax expense consists of the following:

	<u>2016</u>	<u>2015</u>
Federal income tax	\$ 66,137	\$ 65,068
State income tax	15,019	14,823
Deferred income taxes	<u>113,161</u>	<u>65,513</u>
	<u>\$ 194,317</u>	<u>\$ 145,404</u>

The provision for income taxes differs from the amount computed by applying the current statutory federal income tax rate to earnings before income taxes due to the effects of state taxes, nondeductible items, differences in depreciation for book and tax purposes, and the tax-exempt status of the Cooperative.

Deferred income taxes in the accompanying consolidated balance sheets included the following components:

	<u>2016</u>	<u>2015</u>
Deferred income tax asset – deferred revenue	\$ 10,650	\$ 10,696
Deferred income tax liability – depreciation and investments basis differences	<u>(427,251)</u>	<u>(314,136)</u>
Deferred income tax liability, net	<u>\$ (416,601)</u>	<u>\$ (303,440)</u>

At December 31, 2016 and 2015 deferred taxes have been recorded to recognize the liability for future tax consequences from the prior use of accelerated depreciation for tax purposes and the net gain on any future sale of an investment recorded on the equity method for financial statement reporting versus the tax basis.

Note 6 - Employee Benefit Plans

Multiemployer Pension Plan

The National Telecommunications Cooperative Association (NTCA) Retirement and Security Program for Employees of the NTCA and its Member Systems (the Plan) is a defined benefit pension plan covering many of the full-time employees of NTCA, its affiliates and its members that have adopted the Plan. Pursuant to IRC Section 413(c)(4), the Plan is considered a Multiple Employer (other) Master Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Plan's employer identification number is 52-0741336 and the Plan Number is 333.

A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Cooperative is a participant in the above described plan. The Cooperative's contributions to the Plan in 2016 and 2015 represented less than 5 percent of the total contributions made to the Plan by all participating employers. The Cooperative made contributions to the Plan of \$588,382 in 2016 and \$594,665 in 2015. During 2016 and 2015, the gross employer contribution percent was 10.1% of eligible salaries for employees covered by the plan. There have been no significant changes that affect the comparability of 2016 and 2015 contributions.

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Notes to Consolidated Financial Statements

Years Ended December 31, 2016 and 2015

Note 6 - Employee Benefit Plans, continued

In the Plan, a "zone status" determination is not required and therefore, not determined under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations of plan assets are not determined or allocated separately by individual employer. In total, the Plan was 78% funded at January 1, 2016 based on the PPA funding target and PPA actuarial value of assets on that date.

Because the provisions of the PPA do not apply to the Plan, funding improvement plans and surcharges are not applicable and have not been applied. Future contribution requirements are determined each year as part of the actuarial valuation of the Plan and may change as a result of plan experience. There is no collective bargaining agreement that affects future contribution requirements.

In 2016, the Cooperative was notified by NTCA of certain amendments to the Plan that will impact the Cooperative. These amendments include the following items:

- The contribution rate to fund basic benefits increases by 19% starting January 1, 2017. The Cooperative is not required to increase their contribution percentage.
- The current surcharge of 25% will expire at the end of 2017 and a new surcharge of 50% of the Cooperative's elected contribution rate of 10.1% will start in 2018. The surcharge is expected to continue for approximately 12 years.
- Participating members will have a one-time opportunity to elect to prefund the surcharge contribution. The Cooperative did not opt to prefund the surcharges.

The Cooperative also participates in a contributory multiemployer defined contribution savings plan (the Plan) sponsored by the NTCA that covers all full-time eligible employees and contributes 3.5% of each eligible employee's annual salary to the Plan. The Cooperative's contribution to the Plan, including amounts charged to construction at December 31, 2016, was \$143,748 (\$143,346 at December 31, 2015).

Note 7 - Related Party

The Cooperative provides customer account processing for Casco Communications, Inc. relating to their DSL services. Amounts payable to Casco Communications, Inc. were \$66,480 and \$47,398 at December 31, 2016 and 2015, respectively.

The Cooperative also provides network access and plant construction services to Casco Communications, Inc. Total revenues billed for these services were \$1,095,800 in 2016 (\$1,271,021 in 2015). Amounts receivable from Casco Communications, Inc. were \$130,359 and \$222,033 at December 31, 2016 and 2015, respectively.

The Cooperative utilizes after-hours telephone answering services, contract labor, and DSL services provided by Casco Communications, Inc. Total amounts paid for these services were \$192,597 in 2016 (\$140,080 in 2015).

SUPPLEMENTAL INFORMATION

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Consolidating Balance Sheets

December 31, 2016

	Pioneer Telephone Cooperative	Pioneer Consolidated, Inc.	Eliminations	Consolidated
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 10,424,011	\$ 2,024,052	\$ -	\$ 12,448,063
Accounts receivable, less allowance for doubtful accounts of \$10,000	21,307	-	-	21,307
Current portion of note receivable	-	9,373	-	9,373
Other receivables	895,052	26,155	(22,037)	899,170
Materials and supplies	362,255	-	-	362,255
Prepaid expenses	186,467	28,203	-	214,670
Total Current Assets	11,889,092	2,087,783	(22,037)	13,954,838
Other Assets and Investments:				
Note receivable	-	40,627	-	40,627
Other Investments	5,253,192	2,815,858	(4,626,723)	3,442,327
Total Other Assets and Investments	5,253,192	2,856,485	(4,626,723)	3,482,954
Property, Plant, and Equipment:				
In service	69,907,430	655,344	-	70,562,774
Under construction	272,188	-	-	272,188
	70,179,618	655,344	-	70,834,962
Less accumulated depreciation	57,820,763	479,122	-	58,299,885
Property, Plant, and Equipment, net	12,358,855	176,222	-	12,535,077
	\$ 29,501,139	\$ 5,120,490	\$ (4,648,760)	\$ 29,972,869

LIABILITIES AND MEMBERS' EQUITY	Pioneer Telephone Cooperative	Pioneer Consolidated, Inc.	Eliminations	Consolidated
Current Liabilities:				
Accounts payable	\$ 438,152	\$ 49,399	\$ (22,037)	\$ 465,514
Accrued expenses	<u>453,448</u>	<u>27,767</u>	<u>-</u>	<u>481,215</u>
Total Current Liabilities	<u>891,600</u>	<u>77,166</u>	<u>(22,037)</u>	<u>946,729</u>
Deferred Income Taxes	<u>-</u>	<u>416,601</u>	<u>-</u>	<u>416,601</u>
Members' Equity:				
Memberships	8,592	-	-	8,592
Patronage capital	23,312,569	-	-	23,312,569
Capital stock	-	1,841,400	(1,841,400)	-
Other equity	<u>5,288,378</u>	<u>2,785,323</u>	<u>(2,785,323)</u>	<u>5,288,378</u>
Total Members' Equity	<u>28,609,539</u>	<u>4,626,723</u>	<u>(4,626,723)</u>	<u>28,609,539</u>
	<u>\$ 29,501,139</u>	<u>\$ 5,120,490</u>	<u>\$ (4,648,760)</u>	<u>\$ 29,972,869</u>

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Consolidating Statements of Operations

Year Ended December 31, 2016

	Pioneer Telephone Cooperative	Pioneer Consolidated, Inc.	Eliminations	Consolidated
Operating Revenues:				
Local network	\$ 2,883,876	\$ -	\$ -	\$ 2,883,876
Network access	9,775,892	-	(115,243)	9,660,649
Miscellaneous	407,139	1,014,417	(245,149)	1,176,407
Total Operating Revenues	13,066,907	1,014,417	(360,392)	13,720,932
Operating Expenses:				
Plant specific	2,832,550	-	-	2,832,550
Plant nonspecific	1,972,317	-	-	1,972,317
Customer	2,054,436	-	-	2,054,436
Corporate	1,973,738	-	-	1,973,738
Depreciation	3,760,244	42,889	-	3,803,133
Other taxes	265,827	-	-	265,827
Other operating expenses	-	703,691	(360,392)	343,299
Total Operating Expenses	12,859,112	746,580	(360,392)	13,245,300
Operating Margin	207,795	267,837	-	475,632
Other Income (Expense):				
Interest and other income, net	70,547	16,707	-	87,254
Income tax expense	-	(194,317)	-	(194,317)
Nonregulated loss, net	(91,617)	-	-	(91,617)
Income from other investments	-	241,324	-	241,324
Income from subsidiary	331,551	-	(331,551)	-
Total Other Income, net	310,481	63,714	(331,551)	42,644
Net Margin	\$ 518,276	\$ 331,551	\$ (331,551)	\$ 518,276

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Consolidating Statements of Cash Flows

Year Ended December 31, 2016

	Pioneer Telephone Cooperative	Pioneer Consolidated, Inc.	Eliminations	Consolidated
Cash Flows from Operating Activities:				
Net margin	\$ 518,276	\$ 331,551	\$ (331,551)	\$ 518,276
Adjustments to reconcile net margin to net cash provided by operating activities:				
Depreciation	3,760,244	42,889	-	3,803,133
Income from investments	-	(241,324)	-	(241,324)
Income from subsidiary	(331,551)	-	331,551	-
Change in deferred taxes	-	113,161	-	113,161
Changes in operating assets and liabilities:				
Accounts receivable	11,171	-	-	11,171
Other receivables	44,753	18,072	3,729	66,554
Materials and supplies	(2,286)	-	-	(2,286)
Prepaid expenses	33,282	(11,010)	-	22,272
Accounts payable	141,015	19,161	(3,729)	156,447
Accrued expenses	(146,642)	(120)	-	(146,762)
Net Cash Provided by Operating Activities	<u>4,028,262</u>	<u>272,380</u>	<u>-</u>	<u>4,300,642</u>
Cash Flows from Investing Activities:				
Issuance of note receivable	-	(50,000)	-	(50,000)
Purchase of property, plant, and equipment, net	(2,056,939)	(77,516)	-	(2,134,455)
Proceeds on sale of property, plant, and equipment	45,618	-	-	45,618
Proceeds from other investments	<u>185,177</u>	<u>75,077</u>	<u>-</u>	<u>260,254</u>
Net Cash Used by Investing Activities	<u>(1,826,144)</u>	<u>(52,439)</u>	<u>-</u>	<u>(1,878,583)</u>
Cash Flows from Financing Activities:				
Net change in memberships	(160)	-	-	(160)
Estate payments	<u>(1,188)</u>	<u>-</u>	<u>-</u>	<u>(1,188)</u>
Net Cash Used by Financing Activities	<u>(1,348)</u>	<u>-</u>	<u>-</u>	<u>(1,348)</u>
Net Increase in Cash and Cash Equivalents	2,200,770	219,941	-	2,420,711
Cash and Cash Equivalents, beginning	<u>8,223,241</u>	<u>1,804,111</u>	<u>-</u>	<u>10,027,352</u>
Cash and Cash Equivalents, ending	<u>\$ 10,424,011</u>	<u>\$ 2,024,052</u>	<u>\$ -</u>	<u>\$ 12,448,063</u>
Non-Cash Property, Plant, and Equipment Additions				
	<u>\$ 216,869</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 216,869</u>

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Patronage Capital - Pioneer Telephone Cooperative

December 31, 2016

Year	Net Margin (loss)	Federal Excise Taxes	Other Adjustments	Reclaimed Equities	Total Allocated	Retired	Balance
Prior years	\$ 2,785,405	\$ -	\$ -	\$ -	\$ 2,785,405	\$ (2,785,405)	\$ -
1978	486,590	-	-	-	486,590	(486,590)	-
1979	405,265	-	-	-	405,265	(405,265)	-
1980	891,612	-	-	-	891,612	(891,612)	-
1981	667,825	-	-	-	667,825	(667,825)	-
1982	823,998	-	-	-	823,998	(823,998)	-
1983	690,846	-	-	-	690,846	(690,846)	-
1984	638,610	-	-	-	638,610	(638,610)	-
1985	961,648	-	-	-	961,648	(961,648)	-
1986	1,060,692	-	-	2,348	1,063,040	(1,063,040)	-
1987	1,113,163	-	-	2,446	1,115,609	(1,115,609)	-
1988	1,166,737	34,081	-	9,372	1,210,190	(1,210,190)	-
1989	1,368,376	36,673	-	6,516	1,411,565	(1,411,565)	-
1990	1,501,431	64,543	-	(17,071)	1,548,903	(1,548,903)	-
1991	1,007,448	29,718	-	222,717	1,259,883	(146,205)	1,113,678
1992	905,648	27,521	-	68,343	1,001,512	(104,743)	896,769
1993	1,293,349	20,441	-	44,327	1,358,117	(131,273)	1,226,844
1994	1,030,069	30,161	-	85,182	1,145,412	(99,881)	1,045,531
1995	1,318,795	36,106	-	178,297	1,533,198	(116,307)	1,416,891
1996	258,142	6,600	-	260,665	525,407	(37,826)	487,581
1997	427,741	21,192	-	233,357	682,290	(45,790)	636,500
1998	425,705	26,047	(716)	-	451,036	(26,264)	424,772
1999	58,600	24,130	(70)	-	82,660	(4,443)	78,217
2000	1,599,674	40,462	(922)	-	1,639,214	(87,336)	1,551,878
2001	2,187,664	28,668	(317)	-	2,216,015	(106,601)	2,109,414
2002	1,759,413	30,796	(39)	-	1,790,170	(75,669)	1,714,501
2003	1,530,844	25,382	(12)	-	1,556,214	(62,464)	1,493,750
2004	1,489,257	14,323	(20)	-	1,503,560	(54,656)	1,448,904
2005	1,877,245	20,295	(25)	-	1,897,515	(64,115)	1,833,400
2006	259,914	2,086	21	-	262,021	(7,783)	254,238
2007	267,642	-	20	-	267,662	(7,025)	260,637
2008	594,623	5,327	75	-	600,025	(11,953)	588,072
2009	341,548	2,664	30	-	344,242	(4,859)	339,383
2010	(424,968)	-	-	-	-	-	-
2011	(509,377)	-	-	-	-	-	-
2012	1,802,224	18,999	668	-	1,821,891	-	1,821,891
2013	1,989,059	19,396	-	-	2,008,455	-	2,008,455
2014	366,719	7,819	-	-	374,538	-	374,538
2015	(6,670)	-	-	-	-	-	-
2016	186,725	-	-	-	186,725	-	186,725
	<u>\$ 36,599,231</u>	<u>\$ 573,430</u>	<u>\$ (1,307)</u>	<u>\$ 1,096,499</u>	<u>\$ 39,208,868</u>	<u>\$ (15,896,299)</u>	<u>\$ 23,312,569</u>

PIONEER TELEPHONE COOPERATIVE AND SUBSIDIARY

Schedule of Changes in Property, Plant, and Equipment in Service - Pioneer Telephone Cooperative
Year Ended December 31, 2016

	Telephone Plant			
	Balance January 1, 2016	Additions	Retirements and Reclassifications	Balance December 31, 2016
Land and Support Assets:				
Land	\$ 541,675	\$ 4,000	\$ -	\$ 545,675
Buildings	2,919,701	55,949	(42,594)	2,933,056
Office furniture	54,581	-	(3,750)	50,831
Office equipment	132,672	22,584	(88,795)	66,461
Vehicles	1,346,860	138,898	(252,804)	1,232,954
Work equipment	1,756,976	8,641	(238,582)	1,527,035
Other communication equipment	175,875	-	(14,275)	161,600
Computers	463,539	24,488	(28,084)	459,943
Total Land and Support Assets	7,391,879	254,560	(668,884)	6,977,555
Central Office Assets:				
Central office switching	599,461	-	(37,453)	562,008
Switching packet	515,387	-	-	515,387
Central office transmission	8,734,458	545,853	(821,579)	8,458,732
Total Central Office Assets	9,849,306	545,853	(859,032)	9,536,127
Cable and Wire Facilities:				
Pole lines	415,242	5,087	(18,053)	402,276
Aerial cable-copper	1,043,930	5,384	(45,017)	1,004,297
Aerial cable-fiber	1,228,356	64,307	(8,195)	1,284,468
Underground cable-copper	1,332,377	-	-	1,332,377
Underground cable-fiber	716,036	863	-	716,899
Buried cable-copper	30,512,161	458,608	(94,095)	30,876,674
Buried cable-fiber	14,337,075	622,082	(3,151)	14,956,006
Aerial wire	33,716	-	-	33,716
Conduit system	2,787,915	-	(880)	2,787,035
Total Cable and Wire Facilities	52,406,808	1,156,331	(169,391)	53,393,748
	\$ 69,647,993	\$ 1,956,744	\$ (1,697,307)	\$ 69,907,430

Accumulated Depreciation						
Annual Depreciation Rate	Balance, January 1, 2016	Provision for Depreciation	Retirements and Reclassifications	Cost of Removal	Salvage	Balance, December 31, 2016
- \$	- \$	- \$	- \$	- \$	- \$	-
2.80%	2,781,082	81,879	(42,593)	-	-	2,820,368
5.60%	44,912	2,890	(3,750)	-	-	44,052
8.20%	105,011	6,592	(83,611)	-	-	27,992
9.00%	1,178,080	118,529	(252,804)	-	39,332	1,083,137
6.30%	1,756,976	8,641	(238,582)	-	-	1,527,035
11.10%	175,875	-	(14,275)	-	-	161,600
14.30%	456,347	36,864	(33,268)	-	1,126	461,069
	<u>6,498,283</u>	<u>255,395</u>	<u>(668,883)</u>	<u>-</u>	<u>40,458</u>	<u>6,125,253</u>
5.90%	617,694	-	(37,453)	-	-	580,241
14.30%	103,895	73,700				177,595
9.10%	8,164,753	770,453	(821,580)	(4,339)	2,488	8,111,775
	<u>8,886,342</u>	<u>844,153</u>	<u>(859,033)</u>	<u>(4,339)</u>	<u>2,488</u>	<u>8,869,611</u>
8.40%	286,498	35,005	(18,053)	(1,836)	-	301,614
5.60%	1,347,421	56,994	(45,017)	(3,598)	-	1,355,800
6.10%	894,651	75,822	(8,195)	-	(878)	961,400
5.40%	1,266,571	71,948	-	-	-	1,338,519
5.70%	553,341	40,853	-	-	-	594,194
5.30%	26,939,386	1,623,221	(94,095)	(3,674)	1,178	28,466,016
4.80%	7,821,004	695,520	(3,151)	(941)	1,494	8,513,926
-	64,072	-	-	(830)	-	63,242
2.20%	1,170,735	61,333	(880)	-	-	1,231,188
	<u>40,343,679</u>	<u>2,660,696</u>	<u>(169,391)</u>	<u>(10,879)</u>	<u>1,794</u>	<u>42,825,899</u>
	<u>\$ 55,728,304</u>	<u>\$ 3,760,244</u>	<u>\$ (1,697,307)</u>	<u>\$ (15,218)</u>	<u>\$ 44,740</u>	<u>\$ 57,820,763</u>